GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1356
ANSWERED ON:11.03.2005
INVESTMENT IN WEST BENGAL UNDER ECONOMIC REFORMS
Barman Shri Hiten

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has invited the foreign companies to make investment in different fields in West Bengal under new economic reforms during the last three years;

(b) if, what has been the impact of this policy;

(c) the total investment made by the said companies in the State during this period, year-wise separately; and

(d) the effective measures being taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANiCKAM) :

(a) to (c) Government has put in place a liberal Foreign Direct investment (FDI) policy and most items/activities for investment up to 100% fall under the Automatic Route except for a few categories where Government approval through the Foreign Investment Promotion Board (FIPB) shall be necessary. The Policy does not envisage State specific guidelines. Details of FDI approvals granted for investment in West Bengal for the last three years is as follows:

Year	(in Rs. Crore)
2002-2003 (Apr.-Mar)	325.01
2003-2004 (Apr.-Mar)	339.45
2004-2005 (Apr.-Dec)	84.08

(d) To make the environment more attractive, Government has on September 29, 2004 further simplified the FDI approval procedure by placing the following on the automatic, route:

(i) Transfer of shares from resident to non-resident (including transfer of subscribers` shares to nonresidents) other than in financial services sector provided the investment is covered under automatic route, falls within the sectoral cap and also complies with prescribed pricing guidelines.

(ii) Conversion of ECB/Loan into equity provided the activity of the company is covered under automatic route, the foreign equity after such conversion falls within the sectoral cap and also complies with prescribed pricing guidelines.

(iii) Cases of increase in foreign equity participation by fresh issue of shares as well as conversion of preference shares into equity capital provided such increase falls within the sectoral cap in the relevant sectors, are within the automatic route and aiso complies with prescribed pricing guidelines.